

REPORT

DATE: February 7, 2008

TO: Executive Committee
Regional Council

FROM: Jeffrey S. Dunn, Government Affairs Analyst, (213)-236-1880, dunn@scag.ca.gov

SUBJECT: Proposition 1B Goods Movement Funds: Increasing Regional Share

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

- 1) Approve the attached letter to the Governor and state lawmakers requesting an increased regional share of the Proposition 1B Goods Movements funds through the budget and legislative processes;
- 2) Authorize SCAG staff to contact local governmental jurisdictions at all levels, our sister planning agencies, transportation and environmental partners, councils of governments, and other appropriate public and private sector entities, to secure support in this effort and to specifically urge that they co-sign SCAG's letter;
- 3) Authorize targeted meetings between SCAG's elected officials, legislative affairs' staff, and lobbyist with state legislators to secure a 'fair share' distribution of these funds to the region.

BACKGROUND:

On November 7, 2006, California voters approved Proposition 1B, The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, providing \$19.9 billion for transportation infrastructure improvements in California. Of these funds, Prop 1B provides \$2 billion to be allocated statewide from the Trade Corridors Improvement Fund (TCIF) for infrastructure improvements along corridors that have a high volume of freight movement. These funds must be allocated by the legislature.

In the fall of 2007, Dale Bonner, Secretary of the California Business, Transportation and Housing Administration directed the California Transportation Commission (CTC) to adopt a program of goods movement priorities to enable the Administration to include a goods' movement allocation proposal in the Governor's FY 2008-09 budget. The CTC adopted its proposed Trade Corridors Improvement Fund (TCIF) guidelines on November 27, 2007. The CTC proposes that an additional \$1 billion come from the State Highway Operations and Protection Program (SHOPP) and other potential new funding sources. The guidelines support a corridor-based programming approach to the TCIF with the following ranges:

| Location | Low | | High | |
|---|-----------------|---------|-----------------|---------|
| Los Angeles/Inland Empire Corridor | \$ 1.5 | billion | \$ 1.7 | billion |
| San Diego/International Border Corridor | \$ 250 | million | \$ 400 | million |
| San Francisco Bay/Central Valley Corridor | \$ 640 | million | \$ 840 | million |
| Imperial County/Other Corridors | \$ 60 | million | \$ 80 | million |
| Administration Fees | \$ 40 | million | \$ 40 | million |
| Totals | \$2,490,000,000 | | \$3,060,000,000 | |

REPORT

February 7, 2008
Page 2

These preliminary allocation guidelines are based primarily on geographic balance, not demonstrated need. At the high end of the allocation range, the SCAG region stands to receive only approximately 56% of Proposition 1B goods movement funds despite compelling facts that over 80% of the state's containerized cargo travels through the Ports of Los Angeles and Long Beach, and over 80% of Californians exposed to dangerous levels of diesel emissions created by the massive movement of goods reside in the Counties of Los Angeles, Orange, San Bernardino, Riverside, and Ventura.

The CTC's November 27 proposed guidelines are not final. The adopted guidelines are non-binding and may be subject to change, and the CTC will hold a number of hearings on the guidelines with final adoption scheduled for April 10, 2008. Any Prop 1B goods movement funds must be allocated legislatively, either as part of the Administration's budget or through other implementing legislation.

In response to the CTC's proposed guidelines, on December 12, 2007, 25 Members of Congress from the region sent a letter to Secretary Bonner expressing strong disappointment in the guidelines promulgated by the CTC and the manner in which they were applied to arrive at such a fundamentally unfair distribution of these resources to the Southern California Region. The attached letter from SCAG is intended to send the same, unequivocal message from local government to state lawmakers that the Southern California region is entitled to a substantially increased share of these resources more proportionate to its level of goods movement burden and activity.


FISCAL IMPACT:

All work related to this item is contained within the adopted FY 07/08 budget, WBS# 08-810.SCGS1.


Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

February 7, 2008

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol
Sacramento, California 95814

Dear Governor Schwarzenegger:

The Southern California Association of Governments - representing 187 cities, six counties, and over 18 million people - its regional transportation partners, and local elected officials from across the region join together in this request for you to take action to address the proposed, inequitable distribution of Proposition 1B goods movement bond funds to Southern California.

At issue is how the state will distribute a portion of bond proceeds from Prop 1B known as the Trade Corridor Investment Fund (TCIF), a \$2 billion program, together with approximately \$1 billion dollars from the State Highway Operations and Protection Program (SHOPP) Account and other sources, for dedicated goods movement project funding throughout California.

On November 27th, 2007, the California Transportation Commission (CTC) adopted preliminary allocation guidelines that are based primarily on geographic balance, not demonstrated need. The Southern California region - which bears the brunt of goods movement impacts - stands to receive only approximately 56% of Proposition 1B goods movement funds despite the fact that over 80% of the state's containerized cargo travels through the Ports of Los Angeles and Long Beach. In addition to the unbearable traffic congestion associated with this massive movement of goods through the region, our residents are also paying the price with their health. Over 80% of Californians exposed to dangerous levels of diesel emissions created by the massive movement of goods reside in the Counties of Los Angeles, Orange, San Bernardino, Riverside, and Ventura.

Fortunately, the CTC's action of November 27 is not the last word. The adopted guidelines are non-binding and may be subject to change. Recognition of this fact came in the form of a letter from 25 Members of Congress from the region to Department of Business, Transportation and Housing Secretary Dale Bonner expressing strong disappointment in the guidelines promulgated by the CTC and the manner in which they were applied to arrive at such a fundamentally unfair distribution of these resources to the Southern California Region.

Governor Schwarzenegger
Page 2

These Members of Congress strongly urged reconsideration of the guidelines, and we ask that you join them in making the same request. Furthermore, any funding for the projects must be appropriated through the budget and legislative appropriations process. We respectfully ask for your help here as well. Simply put, these goods movement funds should be allocated on the basis of demonstrated need, not geopolitics, and in this regard the case for the Southern California region receiving a significantly greater share of funds more proportionate to its level of goods movement burden and activity is compelling.

Thank you for your consideration of this request and, if you would wish to discuss this issue any further, please contact me at your convenience.

Sincerely,

Gary Ovitt
President
Supervisor, County of San Bernardino

Cc: Senator Don Perata, President pro Tem
Assembly Speaker Fabian Nunez
Senate Majority Leader Gloria Romero
Senate Minority Leader Dick Ackerman
Assembly Majority Floor Leader Karen Bass
Assembly Minority Floor Leader Michael Villines
Senator Alan Lowenthal, Chair, Senate Transportation & Housing
Committee
Senator Tom Torlakson, Chair, Senate Appropriations Committee
Assemblymember, Pedro Nava, Chair, Assembly Transportation
Committee
Assemblymember Mark Leno, Chair, Assembly Appropriations
Committee
Members, Southern California Legislative Delegation